

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015**

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**HOUSE BILL 109**

Short Title: Lottery Act Clarified. (Public)

Sponsors: Representatives Stam, Glazier, and Hardister (Primary Sponsors).  
*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: Judiciary II.

February 27, 2015

A BILL TO BE ENTITLED  
AN ACT TO PROVIDE FOR HONESTY IN ADVERTISING AND MARKETING OF THE  
NORTH CAROLINA STATE LOTTERY.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 18C-114(a)(2) reads as rewritten:

**"§ 18C-114. Powers and duties of the Commission.**

(a) The Commission shall have the following powers and duties:

...

(2) To prescribe the nature of lottery advertising which shall comply with the following:

- a. All advertising shall include resources for responsible ~~gaming~~ gambling information.
- b. No advertising may intentionally target specific groups or economic classes.
- c. No advertising may be misleading, deceptive, or present any lottery game as a means of relieving any person's financial or personal difficulties.
- d. No advertising may have the primary purpose of inducing persons to participate in the Lottery.
- e. Advertising that states the probability of winning a prize shall not omit the value of the lowest prize to be won.
- f. Advertising that states the odds of winning a prize must, at a minimum, disclose the odds of winning the prize with the largest value.
- g. No advertising or sponsorship may take place during or in connection with any high school or high school sporting event."

**SECTION 2.** G.S. 18C-115 reads as rewritten:

**"§ 18C-115. Reports.**

(a) Reports on Operation of the Commission. – The Commission shall send quarterly and annual reports on the operations of the Commission to the Governor, State Treasurer, and to the General Assembly. The reports shall include complete statements of lottery revenues, prize disbursements, expenses, net revenues, and all other financial transactions involving lottery funds, including the occurrence of any audit.



1       (b) Disclosure of Proceeds From Lottery Funding. – Each State department or agency  
2 receiving lottery funds shall use its established communications channels to inform the public  
3 about amounts received and activities supported by lottery proceeds."

4       **SECTION 3.** G.S. 18C-130 reads as rewritten:

5 "**§ 18C-130. Types of lottery games; lottery games and lottery advertising; certain**  
6 **disclosures and information to be provided.**

7       (a) ~~The Commission shall determine the types of lottery games that may be used in the~~  
8 ~~Lottery. Games may include instant lotteries, online games, games played on computer~~  
9 ~~terminals or other devices, and other games traditional to a lottery or that have been conducted~~  
10 ~~by any other state government operated lottery. Unless the General Assembly approves, the~~  
11 ~~Commission may use only draw-style games and instant scratch-off games as types of lottery~~  
12 ~~games.~~

13       (b) In lottery games using tickets, each ticket in a particular game shall have printed on  
14 it a unique number distinguishing it from every other ticket in that lottery game and an  
15 abbreviated form of the game-play rules, including resources for responsible ~~gaming~~ ~~gambling~~  
16 information. In lottery games using tickets, ~~each~~ ~~no~~ ticket may have printed on it a depiction of  
17 one or more cartoon ~~characters, whose primary appeal is not to minors.~~ ~~characters.~~ In lottery  
18 games using tickets with preprinted winners, the overall estimated odds of winning prizes shall  
19 be printed on each ticket. No name or photograph of a current or former elected official shall  
20 appear on the tickets of any lottery game.

21       (c) In games using electronic computer terminals or other devices to play lottery games,  
22 no coins or currency shall be dispensed to players from those electronic computer terminals or  
23 devices.

24       (d) No games shall be based on the outcome of a particular sporting event or on the  
25 results of a series of sporting events.

26       (e) Lottery advertising shall be tastefully designed and presented in a manner to  
27 minimize the appeal of lottery games to minors. The use of cartoon characters or of false,  
28 misleading, or deceptive information in lottery advertising is prohibited. ~~All advertising~~  
29 ~~promoting the sale of lottery tickets or shares for a particular game.~~ Any Web site established or  
30 maintained by the Commission shall include the actual or estimated overall odds of winning the  
31 each lottery game.

32       (f) The Commission shall make available on its Web site a detailed tabulation of the  
33 estimated number of prizes of each particular prize denomination that are expected to be  
34 awarded in each lottery game ~~or~~ and the estimated odds of winning ~~these prizes~~ each prize at the  
35 time that lottery game is offered for sale to the public.

36       (g) The Commission shall, in consultation with the Department of Health and Human  
37 Services, develop and provide information to the public about gambling addiction and  
38 treatment."

39       **SECTION 4.** G.S. 18C-132(a) reads as rewritten:

40       "(a) If a lottery game uses a daily or less frequent drawing of winning numbers, a  
41 drawing among entries including second chance drawings where the value of the prize is five  
42 thousand dollars (\$5,000) or more, or a drawing among finalists, all of the following conditions  
43 shall be met:

44           (1) The drawings shall be open to the public.

45           (2) The drawings shall be witnessed by an independent certified public  
46 accountant or by an auditor employed by a certified public accounting firm.  
47 No advertising of a North Carolina game shall refer to the role of the  
48 independent certified public accountant or auditor employed by a certified  
49 public accounting firm.

50           (3) Any equipment used in the drawings shall be inspected by the independent  
51 certified public accountant or auditor employed by a certified public

1 accounting firm and an employee of the Commission both before and after  
2 the drawings.

3 (4) Audio and visual records of the drawings and inspections shall be made.

4 If a lottery game uses a drawing among entries for (i) a second chance drawing or (ii) any  
5 other promotion conducted by the lottery, where the value of the prize is less than five thousand  
6 dollars (\$5,000) in value, the requirements of subdivisions (2) and (3) of this subsection do not  
7 apply."

8 **SECTION 5.** G.S. 18C-152(c) reads as rewritten:

9 "(c) For purposes of this subsection, the term "potential contractor" shall include the  
10 potential contractor and each of the persons applicable under subsection (b) of this section. At a  
11 minimum, the potential contractor required to disclose information for a thorough background  
12 investigation under G.S. 18C-151 shall do all of the following:

- 13 (1) Disclose the potential contractor's name, phone number, and address.
- 14 (2) Disclose all the states and jurisdictions in which the potential contractor does  
15 business and the nature of the business for each state or jurisdiction.
- 16 (3) Disclose all the states and jurisdictions in which the potential contractor has  
17 contracts to supply gambling or gaming goods or services, including lottery  
18 goods and services, and the nature of the goods or services involved for each  
19 state or jurisdiction.
- 20 (4) Disclose all the states and jurisdictions in which the potential contractor has  
21 applied for, has sought renewal of, has received, has been denied, has  
22 pending, or has had revoked a ~~lottery~~ lottery, gambling, or gaming license or  
23 permit of any kind or had fines or penalties assessed on a license, permit,  
24 contract, or operation and the disposition of such in each such state or  
25 jurisdiction. If any ~~lottery~~ lottery, gambling, or gaming license, permit, or  
26 contract has been revoked or has not been renewed or any ~~lottery~~ lottery,  
27 gambling, or gaming license, permit, or application has been either denied or  
28 is pending and has remained pending for more than six months, all of the  
29 facts and circumstances underlying the failure to receive that license shall be  
30 disclosed.
- 31 (5) Disclose the details of any finding or plea, conviction, or adjudication of  
32 guilt in a state or federal court of the potential contractor for any felony or  
33 any other criminal offense other than a minor traffic violation.
- 34 (6) Disclose the details of any bankruptcy, insolvency, reorganization, or  
35 corporate or individual purchase or takeover of another corporation,  
36 including bonded indebtedness, or any pending litigation of the potential  
37 contractor.
- 38 (7) If at least twenty-five percent (25%) of the cost of a potential contractor's  
39 contract is subcontracted, the potential contractor shall disclose all of the  
40 information required by this section for the subcontractor as if the  
41 subcontractor were itself a potential contractor.
- 42 (8) Make any additional disclosures and information the Commission  
43 determines to be appropriate for the contract involved."

44 **SECTION 6.** This act becomes effective July 1, 2015.